



Market Outlook

Indian markets are expected to open weak tracking negative global cues. Earnings traction and global news flows remain key monitorables for the markets ahead.

Markets Yesterday

- Domestic markets ended negative on the back of weak corporate earnings and volatile oil prices
- US markets ended lower amid uncertainty over interest rate action by the Federal Reserve

Key Developments

- Kotak Mahindra Bank's business performance is seen steady with a cautious approach on lending to certain segments. Healthy growth is seen in advances at ~21% YoY to ₹ 2.14 lakh crore, led by traction in small business and select retail products. A cautious approach towards the auto & financial sector is expected to continue. A steady MCLR is expected to keep margins at 4.3-4.4%. Healthy business growth is expected to result in NII growth at 20.8% YoY to ₹ 3120 crore while PPP is seen at ₹ 2355 crore; up 16% YoY. With no substantial exposure to stressed corporates, GNPA is seen staying stable at ~2%. PAT growth to remain healthy at 39% YoY to ₹ 1428 crore
- The power business of L&T has won a significant EPC orders (range of ~₹ 1000-2500 crore) from Damodar Valley Corporation (DVC) to set up Flue Gas Desulphurisation (FGD) systems in three power plants of in West Bengal
- Nesher Pharma, subsidiary of Cadila, has received USFDA approval for gAdderral XR capsules (CNS)

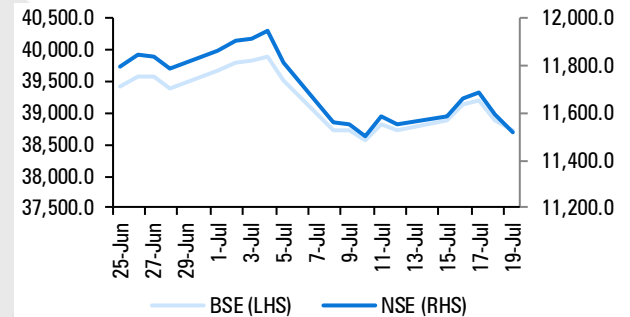
Nifty Heat Map

Wipro	269	HDFC Ltd	2,345	Zee Ent.	360	HDFC Bank	2,412	IOC	148
	3.7%		2.6%		1.9%		0.6%		0.5%
Kotak Bank	1,538	Bajaj Finance	3,468	Bajaj Finserv	7,849	ITC	273	Eicher	18,406
	0.2%		0.1%		0.1%		0.0%		-0.2%
Ultratech	4,602	Infosys	793	Bharti Infratel	263	Dr Reddy	2,656	TECHM	687
	-0.2%		-0.2%		-0.3%		-0.4%		-0.5%
UPL	655	Asian Paints	1,385	Sun Pharma	426	BPCL	349	GAIL	142
	-0.8%		-0.8%		-0.9%		-1.0%		-1.0%
Bharti Airtel	343	Adani Ports	412	HUL	1,739	Power Grid	205	IBULHSG FIN	659
	-1.1%		-1.1%		-1.2%		-1.3%		-1.4%
L&T	1,435	ICICI Bank	419	Hindalco	201	RIL	1,262	NTPC	127
	-1.4%		-1.4%		-1.4%		-1.6%		-1.6%
Axis Bank	740	Hero Moto	2,479	Cipla	547	Tata Steel	467	HPCL	291
	-1.6%		-1.7%		-1.9%		-1.9%		-2.0%
Indusind Bank	1,471	Lupin	756	Grasim	908	HCL Tech	1,019	SBI	364
	-2.0%		-2.0%		-2.1%		-2.1%		-2.3%
TCS	2,066	Bajaj Auto	2,631	Titan	1,080	Maruti	5,882	Vedanta Ltd	163
	-2.4%		-2.5%		-2.7%		-3.2%		-3.3%
M&M	597	Coal India	220	Tata Motors	161	ONGC	143	Yes Bank	86
	-3.3%		-4.2%		-4.3%		-4.3%		-12.8%

Today's Highlights

Results: Kotak Mahindra Bank, United Spirits, TVS Motors, Mastek, Coromandel International
Chicago Fed National Act Index

Index Movement



	Close	Previous	Chg (%)	MTD(%)	YTD(%)	P/E (1yr fwd)
Sensex	38,733	38,897	-0.4	-1.3	7.8	20.7
Nifty	11,522	11,597	-0.6	-1.6	6.8	19.8

Institutional Activity

	CY17	CY18	YTD CY19	Yesterday	Last 5 Days
FI (₹ cr)	-40,663	-68,503	50,525	-950	-3,033
DII (₹ cr)	91,032	107,388	1,214	734	2,501

World Indices – Monthly performance

Dow Jones	Nasdaq	France	U.K.	Shanghai
27,223	8,207	5,551	7,493	2,931
4.2%	3.2%	0.7%	0.7%	0.4%
BSE	Nikkei	NSE	Germany	Kospi
38,735	21,032	11,513	12,228	2,092
-0.4%	-0.8%	-0.8%	-0.8%	-1.5%

For a quick update on market news and actionables please listen to our Morning Podcast:

<https://www.icicidirect.com/mailimages/MorningPodcast.html>

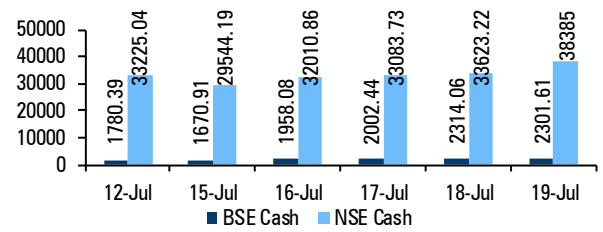
Markets Today (Not updated due to Technical error)

Commodities	Close	Previous	Chng (%)	MTD(%)	YTD(%)
Gold (₹/10 gm)	35,091	34,709	1.1	3.2	11.2
Silver (₹/kg)	40,624	40,076	1.4	8.5	6.2
Crude (\$/barrel)	63.2	62.5	1.2	-5.0	17.5
Copper (\$/tonne)	6055	0		1.2	1.8
Currency					
USD/INR	68.81	68.96	-0.2	0.3	1.4
EUR/USD	1.12	1.12	-0.1	-1.4	-2.2
USD/YEN	107.94	107.71	0.2	-0.1	1.6
ADRs					
HDFC Bank	127.1	127.1	0.0	-3.2	21.6
ICICI Bank	12.1	12.1	0.0	-2.6	19.1
Tata Motors	11.7	11.7	0.0	3.2	-1.1
Infosys	11.6	11.5	0.5	7.4	21.3
Dr Reddys Labs	38.3	38.3	0.0	2.6	2.0
Wipro	4.3	4.3	0.0	-4.4	7.6

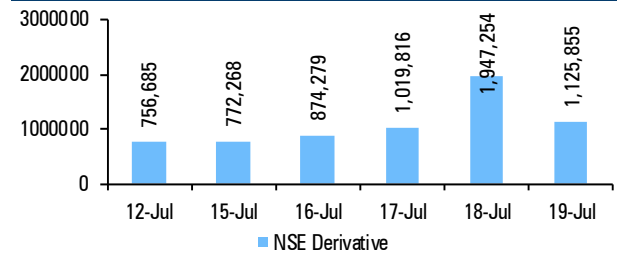
Key Data Points

Key Economic Indicator	Period	Latest	Prior Values
RBI Cash Reserve Ratio	N/A	4.00%	4.00%
RBI Repo Rate	N/A	5.75%	6.00%
RBI Reverse Repo Rate	N/A	5.50%	5.75%
CPI YY	June	3.18%	3.05%
Current Account Balance	Q1	-4.6bln \$	-16.9bln \$
Exports - USD	June	25.01 bln \$	29.99bln \$
FX Reserves, USD Final	w/e		429.91 bln \$
GDP Quarterly yy	Q4	5.80%	6.60%
GDP Annual	2018	7.00%	7.20%
Imports - USD	June	40.29 bln \$	45.35bln \$
Industrial Output yy	May	3.10%	3.40%
Manufacturing Output	May	2.50%	2.80%
Trade Deficit - RBI	Q1	-35.2bln \$	-49.5bln \$
Trade Deficit Govt - USD	June	15.28bln \$	15.36bln \$
WPI Food yy	June	6.98%	6.99%
WPI Fuel yy	June	-2.20%	0.98%
WPI Inflation yy	June	2.02%	2.45%
WPI Manufacturing Inflation yy	June	0.94%	1.28%

Exchange Cash Turnover (₹ crore)



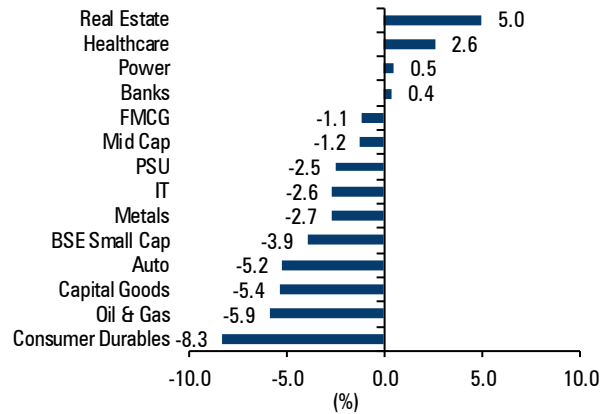
NSE Derivative Turnover (₹ crore)



Corporate Action Tracker (Updated Weekly)







Security name	Action	Ex Date	Record Date	Status	Price
Bata India	Dividend	22-Jul-19			6.25
Blue Dart	Dividend	22-Jul-19			12.50
Kalpataru Power	Dividend	22-Jul-19			3.00
Shoppers Stop	Dividend	22-Jul-19			0.75
Apollo Tyres	Dividend	23-Jul-19			3.25
Ashok Leyland	Dividend	23-Jul-19			3.10
Hikal	Dividend	23-Jul-19			0.60
JK Cement	Dividend	23-Jul-19			10.00
TCI Express	Dividend	23-Jul-19			0.60
Eicher Motors	Dividend	24-Jul-19			125.00
Larsen & Toubro	Dividend	24-Jul-19			18.00
Sobha	Dividend	24-Jul-19			7.00
NIIT Technologies	Takeover			Ongoing	180.00
Infosys	Buyback			Ongoing	800.00



Sectoral Performance – Monthly Returns (%)



Key News for Today

Company/ Industry	News	View	Impact
Mahindra CIE	The company reported a muted Q2CY19 performance. On a standalone basis, net sales came in at ₹ 541 crore, down 17% YoY. EBITDA for the quarter was at ₹ 54.1 crore with corresponding EBITDA margins at 10% (down 250 bps YoY). PAT in Q2CY20E was at ₹ 23.3 crore, down 47% YoY. On a consolidated basis, net sales were at ₹ 2142 crore, EBITDA at 261.5 crore (EBITDA margins 12.2%) and PAT at ₹ 126.2 crore	Consolidated numbers at Mahindra CIE are not comparable YoY due to recent acquisition of Aurangabad Electricals. Q2CY19 performance was marred by muted production at key OEMs and was below our estimates on all front. We expect the stock to open negative in the opening session today	

Amara Raja Batteries	Amara Raja Batteries (ARBL) reported decent Q1FY20 results. Revenue were at ₹ 1,815 crore, up 2.0% YoY and 5.8% QoQ. EBITDA rose 26.8% YoY to ₹ 279 crore with attendant EBITDA margins at 15.4%, down marginally by 5 bps sequentially. ARBL enjoyed significant gross margin expansion on QoQ basis (240 bps). However, this was mitigated by increase in employee expenses and other expenses as a percentage of sales. Consequent reported PAT rose 24.7% YoY to ₹ 141 crore	ARBL's results surprised us positively. Topline performance has been modestly higher YoY despite the pronounced slowdown in OEM volumes during Q1FY20. Combined with steady margins, profitability is higher than our estimates	
Phillips Carbon Black	The company reported muted performance in Q1FY20 primarily led by continuation of a one-off from the previous quarter amounting to ~₹ 30 crore. On a standalone basis, net sales came in at ₹ 912 crore with likely ~4% volume growth. EBITDA for the quarter was at ₹ 113.5 crore with corresponding EBITDA margins at 12.4%. Reported EBITDA/tonne stood at ~₹ 11,000/tonne with adjusted EBITDA/tonne at ~₹ 14,000/tonne (down ₹ 2,000/tonne YoY). PAT in Q1FY20 was at ₹ 65 crore, down 34% YoY	With all major one-offs behind it, we expect the company to report normalised earnings, going forward. It will be largely driven by healthy volume led growth in the exports market. At the current market price, it is trading at inexpensive valuation of <5x EV/EBITDA on FY21E numbers and possess healthy double digit margins as well as return ratios	
Biocon	US based Amgen has launched bHerceptin (Trastuzumab; Anti-cancer) in the US, ahead of Biocon	This is negative for Biocon as it is likely to hamper first mover advantage	
Axis Bank	Axis Bank has notified exchanges that the Board of directors in its board meeting has approved raising of fund up to ₹ 18000 crore through issue of equity shares/ depository receipts and/or any other instruments	Capital raising is expected to remain book accretive with ABV for FY21E to increase 11% to ₹ 326. However, RoE may dilute to 12.5% from 14.8% in FY21E	
Dedicated freight corridor	As per media sources, the Railways Ministry has sought the approval of the Union Cabinet to build three new dedicated freight corridor (DFC) networks at a total investment of about ₹ 3 trillion	The East-West Corridor (2328 km) will be built between Kolkata and Mumbai, the North-South Corridor (2327 km) is planned between Delhi and Chennai and the East Coast Corridor (1114 km) is between Kharagpur and Vijaywada. The new DFC will help Indian Railways to meet growing demand for faster and efficient movement of freight.	
Roads sector	As part of innovative modes of financing to meet India's huge infrastructure appetite, LIC has agreed to offer ₹ 1.25 lakh crore line of credit by 2024, to fund highway projects	With the new avenue of funding opening up, we expect road projects awarding and execution to pick up pace, going ahead. This would be positive for road based EPC players like PNC Infratech and KNR Construction	

Real estate sector	Housing finance companies (HFC) have been asked to desisit from participating in schemes where loan servicing is done by developers on behalf of the home buyers	With this, HFCs cannot participate in subvention schemes of developers and will have to revert taditional product i.e. construction linked disbursement. This may have a temporary impact on sales volume of developers like Oberoi Realty	
Banking , Housing Finance	NHB in a recent circular has advised HFCs to refrain from subvention scheme (5/95) offered by real estate developers	This is negative for particularrly HFCs as it will impact balance sheet growth of HFCs & may impact the existing portfolio in their balance sheet of such developers. This will have indirect impacts on banks & lingering risk of similar regulation from RBI. HFCs like HDFC ltd & LIC housing finance from our covergae to be impacted	

Key developments (Continued...)

- United Spirits’ overall volumes are expected to grow 6% YoY to 19.3 million cases, on the back of 10% YoY growth in the Prestige and Above segment while popular segment volumes are expected to grow 2% YoY. We expect 8% growth in net revenues to ₹ 2174 crore. Increased inflation in the raw material (ENA) may lead to 110 bps reduction in gross margin to 48%. However, EBITDA is expected to grow 52% YoY owing to low base as Q1FY19 EBITDA was negatively impacted by higher employee expense (additional restructuring cost of ₹ 36 crore due to shutdown of four manufacturing plants). Subsequently, PAT is expected to grow 76% to ₹ 143 crore
- HDFC Bank reported a performance above our estimates. The profit trajectory was maintained at ₹ 5568 crore in spite of lower credit growth of 17% YoY at ₹ 829730 crore& higher provisions of ₹ 2614 crore. Operating profit came in at 29 % YoY led by healthy NII growth of ~23% YoY & higher other income growth of 30%. YoY. NII growth is largely attributable to 10 bps YoY increase in margins at 4.3%. Asset quality witnessed marginal pressure on back of higher slippages at ₹ 4225 crore, up 18% QoQ, leading to marginal deterioration of 4 bps QoQ in GNPA ratio to 1.40%. The stress in GNPA could be attributable to seasonality in agriculture book as GNPA ratio ex-agri book stood at 1.17%
- Dabur's net sales increased by 9.3% YoY to ₹ 2,273.3 crore, higher than our estimate of ₹ 2,157.6 crore as domestic revenue grew by 10.5% YoY led by robust volume growth of 9.6%. International business increased by 7.7% in constant currency terms led by Turkey, which grew by 40.7% YoY. EBITDA margins expanded by 157 bps to 20.1% on account of operational efficiencies. PAT increased by 10.2% YoY to ₹ 363.8 crore, higher than our estimate of ₹ 333.3 crore. Adjusting for exceptional loss, net profit increased by 14.2% YoY
- Hindustan Zinc reported steady performance for Q1FY20, wherein topline, EBITDA and PAT came in higher than our estimate. For the quarter, better-than-expected sales volume of zinc vertical aided the overall performance. Zinc sales volume came in at ~167500 tonnes (our estimate: 165000 tonnes). Topline came in at ₹ 4987 crore (higher than our estimate of ₹ 4714.8 crore). EBITDA came in at ₹2477 crore (higher than our estimate of ₹ 2237.7 crore). EBITDA margin came in at 49.7%(our estimate: 47.5%). Ensuing PAT came in at ₹ 1765 crore (higher than our estimate of ₹ 1657.3 crore)
- Bandhan Bank continued to report strong performance with steady asset quality & robust credit growth. On back of healthy credit growth of 39% YoY to ₹ 45420 crore & expansion of margins by 18bps YoY to 10.45%, NII growth remain healthy at 36% YoY. Other income growth continues to remain robust at 48% YoY led by sale of PSLC certificate. AUM growth of 39% YoY was driven by micro (51% YoY) & non-micro (36% YoY). Asset quality continue to remain stable on QoQ basis, GNPA ratio declined by 2 bps to 2.02%. Steady credit cost of 28 bps coupled with strong operating profits of 47% YoY continue to aid robust PAT growth of ~46% YoY to ₹ 701 crore, well above our estimate
- Bharti Airtel shall seek shareholder's approval of waiving of recovery of excess remuneration paid to the Chairman Sunil Bharti Mittal and CEO Gopal Vittal. As per regulatory filings, both were paid total compensation of ₹31 crore and ₹ 20.9 crore for FY18-19 respectively against ceiling of ₹ 9.8 crore and ₹ 12 crore
- Consequent to the demerger of Greenply Industries and Greenpanel Industries, Shivprakash Mittal, Shobhan Mittal and Vishwanathan Venkatramani have resigned from Greenply with effect from July 18, 2019
- According to media sources, back ended IT and ITeS sector especially with respect to business process outsourcing, may attract an 18% goods and services tax (GST) as those will not qualify as export
- Dr Reddy's Lab had launched over-the-counter (OTC), store-brand equivalent of Allegra-D and congestion extended release tablets (anti-Allergies) in US

Key developments (Continued...)

- JK Cement board has approved dividend of ₹ 10 per share, subject to approval of shareholders in the AGM
- UltraTech expects to complete the merger with Century Cement by September 2019
- Cipla has received seven Form 483 observations from the USFDA for its Bangalore API facility pertaining to inspection carried out during July 15-19
- Cadila's Baddi facility was inspected by the USFDA during 5-19 July, 2019. Post inspection, facility was cleared by the authority without any Form 483 observations

Nifty Weekly Chart



Technical Outlook

Equity benchmarks extended losses over a second consecutive session as the Nifty fell 178 points or 1.5% to end the session at 11419. In the coming session, we expect Nifty futures to trade with a negative bias. Hence, intraday pullback 11435-11455 should be used to create intraday short position for target of 11392.

The Nifty behaved in line with our expectation as it breached upward sloping trend line (drawn adjoining October 2018, March 2019 lows), at 11530 supported by lack of faster retracement of preceding declining leg, indicating conclusion of nine months up trend, leading acceleration of downward momentum towards 11300 in upcoming derivative expiry week amid stock specific action as we sail through Q1FY20 earnings season. We believe to halt the ongoing downward momentum the index needs to witness faster retracement by forming higher high-low on the weekly chart and decisively close above last week's high (11700). Otherwise there will be prolonged consolidation in range of (11700-11300).

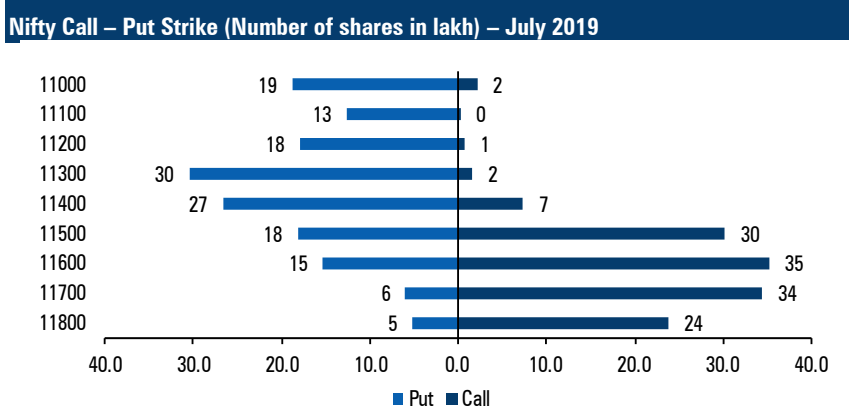
Pivot Points						
Index/Stocks	Trend	Close	S1	S2	R1	R2
SENSEX	Negative	38337.0	38053	37769	38841	39343
Nifty 50	Negative	11419.3	11332	11245	11573	11727
ACC Ltd	Neutral	1550.0	1504	1460	1621	1692
Axis Bank Ltd	Negative	730.1	719	710	743	757
HDFC	Neutral	2302.0	2283	2265	2329	2357
SBI	Negative	357.3	352	348	363	370
HDFC Bank Ltd	Negative	2379.5	2357	2335	2411	2443
Maruti Suzuki Ltd	Negative	5775.0	5687	5598	5888	6000
Tata Motors	Negative	155.2	152	148	160	166
M&M Ltd	Negative	571.2	561	550	592	613
Bajaj Auto Ltd	Negative	2563.0	2523	2484	2628	2694
TCS	Neutral	2079.9	2063	2046	2098	2115
Infosys	Negative	785.0	780	774	793	800
Cipla	Negative	536.8	530	525	547	558
ONGC	Negative	144.1	140	138	146	148
Reliance Industries	Negative	1253.0	1239	1226	1269	1286
Bharti Airtel	Negative	98.5	94	91	100	103
DLF	Negative	180.0	176	172	185	190

CNX Nifty Technical Picture		
Nifty 50	Intraday	Short Term
Trend	Down	Down
Support	11370-11310	11300
Resistance	11460-11500	11600
20 day EMA		11666
200 day EMA		11309

Advances/Declines			
	Advances	Declines	Unchanged
BSE	664	1877	130
NSE	425	1347	323

Daily Technical Calls	
Daily Technical Calls	
1. Sell Bajaj Finance in the range of 3320.00-3328.00	
2. Sell Bata India in the range of 1293.00-1297.00	
All recommendations of July Future	

See Momentum Pick for more details



Intraday Derivative Strategy	
i) Apollo Hospitals	
Buy APOHOS JULY Fut at ₹ 1384.00-1385.00	
CMP: 1384.5	
Target 1: 1396.5	Target 2: 1414.5
Stop Loss: 1372.5	
ii) Muthoot Finance	
Sell MUTFIN JULY Fut at ₹ 611.00-613.00	
CMP: 611.5	
Target 1: 607.5	Target 2: 601.5
Stop Loss: 615.5	

See Derivatives view for more details

Results/Events Calendar

08	July Monday	09	July Tuesday	10	July Wednesday	11	July Thursday	12	July Friday
Japan BoP Curr Acc Bal		TCS		Japan PPI YoY China CPI YoY China PPI YoY US Wholesale Inv MoM UK Industrial Prod YoY		US CPI YoY US Initial Jobless Claims		Infosys, IndusInd Bank Japan Industrial Prod YoY China Trade Balance India CPI YoY India Industrial Prod YoY	
15	July Monday	16	July Tuesday	17	July Wednesday	18	July Thursday	19	July Friday
China Industrial Prod YoY China GDP YoY India Wholesale Prices YoY India Trade Balance		Federal Bank DCB Bank US Industrial Prod MoM UK Jobless Claims Change		Wipro, Yes Bank Mindtree Tata Elxsi UK CPI YoY EU CPI YoY		Cyient, L&T Infotech Colgate, ACC, Rallis Sterlite Tech, DB Corp Japan Trade Balance US Initial Jobless Claims		Dabur, Mahindra CIE Bandhan, Reliance Industries HDFC Bank & Amara (July 20) Hindustan Zinc Phillips Carbon Black	
22	July Monday	23	July Tuesday	24	July Wednesday	25	July Thursday	26	July Friday
TVS Motors Kotak, United Spirits Mastek, Coromandel Intl Chicago Fed Natl Act Index		NIIT Tech, HUL, Kajaria SKF India, L&T SBI Life, Zee Ent M&M Fin, Control Print Bayer crop		KSB, Bharati Infratel Sagar Cement PI Industries Markit US Mfg PMI		Persistent, Biocon Bajaj Finserv, Bajaj Finance Grindwell, Ambuja, Taj GVK Tata Motors Japan PPI Services YoY		Bajaj Auto, Maruti, Atul Mahindra Lifespace JSW Steel, VST Industries Oriental Carbon & Chemicals US GDP Annualized QoQ	
29	July Monday	30	July Tuesday	31	July Wednesday	01	August Thursday	02	August Friday
Dr Reddy's Lab, GHCL TCI, Chennai Petroleum Bharat Electronics Castrol Japan Retail Sales YoY		Swaraj, Axis, MRPL Hero, Kalpataru, TCI Express Tech Mahindra Japan Jobless Rate Japan Industrial Prod YoY		Apollo Tyres, IOC Solar Industries China Mfg PMI India Fiscal Deficit FOMC Rate Decision (Upper		GSK Consumer, Marico Markit India PMI Mfg US Initial Jobless Claims Markit US Mfg PMI Markit UK PMI Mfg		Exide, Elgi, Nestle, HDFC Firstsource, D-Link Japan Monetary Base YoY US Trade Balance US Unemployment Rate	
05	August Monday	06	August Tuesday	07	August Wednesday	08	August Thursday	09	August Friday
Butterfly Gandhimati TCI, Chennai Petroleum Markit US Services PMI Markit EU Services PMI		GSFC, Titan, ABFRL Japan Household Spend YoY		Mahindra & Mahindra, Cipla RBI Repo Rate RBI Reverse Repo Rate RBI Cash Reserve Ratio		Japan BoP Current Acc Bal China Trade Balance US Initial Jobless Claims US Wholesale Inv MoM		Shree Cement, TV Today NRB Bearings Japan GDP SA QoQ China CPI YoY UK GDP YoY	

Major Economic Events this Week

Date	Event	Country	Period	Expected	Previous
22-Jul	Chicago Fed Natl Act Index	US	Jun	0.10	-0.05
24-Jul	Markit Mfg PMI	US	Jul P	51.0	50.6
25-Jul	PPI Services YoY	JN	Jun	0.8%	0.8%
25-Jul	Initial Jobless Claims	US	20-Jul	219,000	216,000
25-Jul	Wholesale Inv MoM	US	Jun P	0.5%	0.4%
25-Jul	ECB Marginal Lending Rate	EC	25-Jul	0.250%	0.250%
26-Jul	GDP Annualized QoQ	US	2Q A	1.8%	3.1%
26-Jul	Tokyo CPI YoY	JN	Jul	1.0%	1.1%

Result Preview

Company	Revenue			EBITDA			PAT		
	Q1FY20E	YoY	QoQ	Q1FY20E	YoY	QoQ	Q1FY20E	YoY	QoQ
Kotak Mahindra Bank	3,120.2	20.8	2.4	2,354.7	15.9	3.2	1,427.5	39.3	1.4
United Spirits	2,174.8	8.1	-3.3	293.6	52.7	3.5	143.2	76.2	13.5

Revenue = Nil; EBITDA = PPP for Banks and NBFC

Recent Releases

Date	Report
July 19, 2019	Result Update – Colgate-Palmolive India
July 19, 2019	Result Update – ACC Ltd
July 19, 2019	Result update- L&T Infotech
July 19, 2019	Result Update – DB Corp
July 19, 2019	Result Update – Sterlite Tech



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